Child and Family Policy Center

Medicaid Cost-Sharing
Summary of National Research

- Higher copayments cause low income people to decrease use of essential health care, and can trigger use of more expensive forms of care like emergency room care or hospitalization

- Higher copayments make it harder for Medicaid recipients to afford needed medical services

- Premiums make it more difficult for low income people to enroll and maintain coverage

- Low income people with chronic medical conditions are most vulnerable to harm because they need the most health care services

- Poor Medicaid participants spend a large share of their incomes in out-of-pocket medical expenses than do middle class people with private health insurance

- Poor adults on Medicaid who are not elderly or disabled saw out of pocket medical expenses rise nine percent per year between 1997 and 2002, or about twice a fast as their incomes

- Poor non elderly or disabled adult Medicaid participants spent an average of 2.4% of income on out-of-pocket medical costs in 2002. In contrast, non-elderly adults with private health insurance who are not low income spent 0.7% of income on medical costs, *less than one third as much.*

- A JAMA study in Quebec found that after drug copayments were instituted low income adults filled fewer prescriptions. This led to a 78% increase in adverse events, including death, hospitalization, and nursing home admissions. It also let to an 88% increase in emergency room use.

- A RAND study found that copayments led to a larger reduction in use of medical care by low income adults and children than by those with higher incomes. Low income adults reduced effective care by 41%, non low income adults by 29%. Low income children reduced effective care by 44%, and non low income children by 15%.

- The RAND study found that copayments did not significantly harm health of middle income and upper income people, but did lead to poorer health for those with low incomes.

- A multi state study of health insurance programs for low income people found that premiums as low as one percent of income were estimated to reduce enrollment by 15%. Premiums of three percent of income were estimated to reduce enrollment by up to 50%.

- Oregon obtained a waiver for that allowed it to increase its Medicaid premiums. The new premiums ranged from $6 per month for those without income to $20 per month for those at the poverty line. After Oregon increased premiums, about 50% of those enrolled lost coverage. About 75% of those dropped from the program became uninsured. Those who disenrolled were four to five times more likely to use emergency room care than those who remained enrolled.

- Virginia considered imposing premiums on children with family incomes above 150% of poverty. Studies showed that about 3,000 children would be terminated for non payment of premiums, and in 2001 Governor James Gilmore established a moratorium to prevent children from losing coverage. In 2002 Governor Mark Warner to cancelled the premiums saying the premiums were costing more to administer than they were collecting, and that eliminating the premiums "was both the morally right and fiscally right thing to do."

- Two recent Urban Institute studies show that after controlling for health characteristics, people on Medicaid use about the same amount of medical services as people on private insurance. One of the studies found no statistically significant differences in the number of doctor visits, emergency room visits, hospital stays, or dental visits.

- Research has found that when higher copayments are imposed people reduce their use of essential and less essential services. Higher copayments led diabetics to reduce their use of diabetic medications. Another study found that increase copayments led to reductions in patient use of drugs for high blood pressure (ACE inhibitors) and cholesterol reduction (statins). When use of important chronic disease medications are reduced because of higher copayments their diseases can progress to more sever consequences like heart attacks.

Out-of-Pocket Medical Expenses as a Percent of Income 1997 to 2002

Group	1997	2002
Non-disabled Medicaid adults, income below poverty	1.9%	2.4%
Disabled SSI Medicaid Adults, income below poverty	4.4%	5.6%
Privately insured adults, income over 200% of poverty	0.6%	0.7%

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Sources:

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